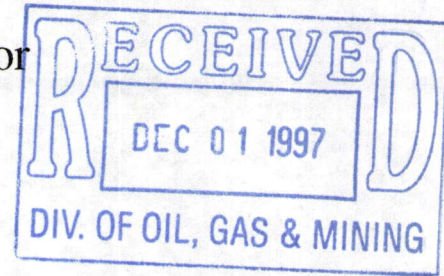




United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155



NOV 25 1997

In Reply Refer To:  
3550  
(UT-932)

American Gilsonite Company  
136 East South Temple, Suite 1460  
Salt Lake City, Utah 84111

Gentlemen:

We are writing in reference to your State mineral leases ML-926, ML-30616, and ML-31934, which were issued by the State of Utah on July 20, 1939, June 10, 1974, and May 6, 1975, respectively. As you know the mineral interests were conveyed to BLM along with the surface, under Patent No. 18787 dated April 6, 1983.

It is the recommendation of this office that you authorize the subject leases under a Federal authority since it has been determined that the mineral interest is held by the United States. In accordance with 43 CFR 3556.1 lands available for leasing which are known to contain a "Gilsonite" deposit that extend from adjoining private lands may be leased noncompetitively by issuing a new lease". If American Gilsonite wishes to apply for a fringe acreage lease the following information must be submitted in accordance with 43 CFR 3556.1 for the following described lands in Uintah County Utah:

ML-926	T. 8 S., R. 24 E., SLM, Utah Sec. 32, SWNW, N2S2. Containing approximately 200.00 Acres
ML-30616	T. 9 S., R. 24 E., SLM, Utah Sec. 29, SWSW. Containing approximately 40.00 Acres
ML-31934	T. 9 S., R. 24 E., SLM, Utah Sec. 15, SWNESW of lot 1, NWSW. Containing approximately 50.00 Acres

- (1) Three executed copies of the application (one original and 2 copies), which state you wish to apply for a fringe acreage lease. No special form is required;
- (2) An advanced rental of \$.25 per are (but not less than \$20.00), along with a \$25.00 filing fee;



- (3) A complete and accurate description of the lands applied for;
- (4) Include proof of ownership or control of the mineral deposit in the adjoining lands if not under Federal lease;
- (5) A lease bond in an amount determined by the Authorized Officer.

Prior to the issuance of fringe acreage lease the applicant will be required to pay a bonus payment based on an appraisal conducted by our office. In no event shall the bonus payment be less than \$1.00 per acre as required by 43 CFR 3556.5.

At the same time we recommend that American Gilsonite Company relinquish their State Leases to eliminate any cloud on the title for the subject lands.

If you have any questions regarding the above information, please contact either Stan Perkes at (801)539-4036 or Ms. Connie Seare at (801)539-4111.

Sincerely,

/s/ ROBERT LOPEZ

Robert Lopez  
Group Leader  
Minerals Adjudication Group

Enclosure

Copy of 43 CFR 3556.1

- cc: Pruitt, Gushee, & Bachtell  
Suite 1850 Beneficial Life Tower  
36 South State Street  
Salt Lake City, Utah 84111-1495
- cc: Utah School and Institutional Trust Lands Administration  
675 East 500 South  
Salt Lake City, Utah 84012
- cc: Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84012
- cc: Regional Solicitor's Office  
Attention: Dave Grayson  
125 South State Street  
Salt Lake City, Utah 84138-1180
- bcc: Vernal District Office  
Attention: Howard Cleavinger